



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

ACI/007/013
#5

Internal
C0070013
OK

June 7, 1985

TO: Barbara W. Roberts, Assistant Attorney General,
Attorney General's Office

FROM: Pamela Grubaugh-Littig, Reclamation Engineer *pgl*

RE: Kaiser Coal Corporation and the Requirements for a
Self-Bond as Set Forth in UMC 800.23(B)

Attached is a copy of Kaiser Coal Corporation's
proposal setting forth how they believe they meet the
requirements of UMC 800.12(B).

This item has been scheduled for the Executive Session
at the June Board Hearings.

Please call me about this.

btb
Attachments
9075R-30

**KAISER
COAL**

KAISER COAL CORPORATION
102 SOUTH TEJON STREET, SUITE 800 ■ P.O. BOX 2679
COLORADO SPRINGS, COLORADO 80901-2679
(303) 475-7005 ■ TELEX 289 909

File ACT/007/013 #5

Copy to PAM

RECEIVED

JUN 05 1985

June 4, 1985
HAND DELIVERED

DIVISION OF OIL
GAS & MINING

Mr. Lowell P. Braxton
Administrator
Mineral Resource Development and
Reclamation Program
Utah Division of Oil, Gas & Mining
355 West North Temple
III Triad Center.
Salt Lake City, Utah 84180-1203

Dear Lowell:

By letter dated May 23, 1985, the Utah Division of Oil, Gas & Mining informed Kaiser Coal Corporation that the permanent reclamation bond estimate for the Geneva Mine was set at \$821,643.00 (1985 dollars). In satisfaction of the terms of that letter, Kaiser Coal Corporation respectfully requests the Division to accept the Company's self-bond in the amount of \$821,643.00.

Kaiser Coal Corporation (Applicant) meets the requirements for a self-bond as set forth in UMC 800.23B. as follows:

1. The law firm of Fabian & Clendenin, located at the following address is the Applicant's designated agent for service of process:

Denise A. Dragoo, Esq.
Fabian & Clendenin, P.C.
Suite 1200
215 South State Street
Salt Lake City, Utah 84111-2309
(801) 531-8900

2. The Applicant's parent company, Kaiser Steel Corporation, has been in continuous operation in Utah as a business entity operating the Sunnyside Coal Mine in Sunnyside, Utah, for more than thirty years.
3. The Applicant meets the financial criteria for self-bonding as set forth in the attached financial statement.

Mr. Lowell P. Braxton
June 4, 1985
Page Two

4. The Applicant's financial statement current to March 31, 1985, is attached. The accounting firm of Touche-Ross has been requested to provide an independent opinion of this financial statement which will be sent directly to the Division immediately upon receipt.

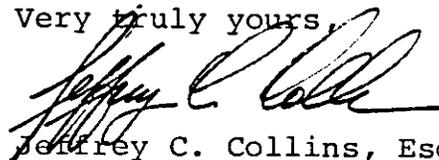
Kaiser Coal Corporation is a wholly-owned subsidiary of Kaiser Steel Corporation. Kaiser Coal Corporation holds assets sufficient to meet the requirements of UMC 800.23 without the parent corporation guarantee discussed at UMC 800.23C.

Kaiser Coal Corporation meets the requirements of UMC 800.23D. as set forth in the attached financial statement.

Upon written notification by the Division of acceptance of Kaiser Coal Corporation's self-bond, the Company will enter into an indemnity agreement meeting the requirements of UMC 800.23E.

Thank you for your assistance in this matter. Please contact me if the Division has further questions concerning this matter.

Very truly yours,



Jeffrey C. Collins, Esq.
Associate General Counsel
Kaiser Coal Corporation

JCC:jk

cc: Dr. Dianne R. Nielson
Pamela G. Littig
Charles S. McNeil
Charles McGlothlin
Douglas Pearce

Kaiser Coal Corporation
Balance Sheet (Unaudited)
(Thousands of Dollars)

29-May-85

March 31, 1985			

	Historical	Pro Forma Adjustments Add(Deduct) Pro Forma	December 31, 1984

Current Assets:			
Accounts receivable.....	\$10,928	\$10,928	\$10,205
Inventories.....	5,268	5,268	2,452
Other current assets.....	2,887	2,887	948

Total current assets.....	19,083	0	19,083

Property, plant and equipment.....	317,304	317,304	319,491
Other assets.....	14,010	900	14,910

	\$350,397	\$900	\$351,297
=====			
Current Liabilities:			
Current portion of long-term debt.....	\$415	\$6,000	\$6,415
Accounts payable.....	3,378	3,378	2,124
Payroll and related charges.....	5,065	5,065	4,110
Other current liabilities.....	1,433	1,433	901

Total current liabilities.....	10,291	6,000	16,291

Long-term debt.....	2,072	54,000	56,072
Accrued medical, black-lung and workman's compensation benefits.....	20,619	20,619	20,876

Total liabilities.....	32,982	60,000	92,982

Stockholders' equity:			
Common stock, \$1 Par Value, 2,000 shares authorized.....	2	2	2
Paid in capital.....	317,413	(59,100)	258,313

Total stockholders' equity.....	317,415	(59,100)	258,315

	\$350,397	\$900	\$351,297
=====			
Utah Self-Insurance Requirements:			
Total net worth greater than or equal to \$10 million.....	317,415	258,315	316,083
Ratio of total liabilities to net worth less than or equal to 2.5.....	0.10	0.36	0.10
Ratio of current assets to current liabilities greater than or equal to 1.2.....	1.85	1.17	1.78
Fixed assets greater than or equal to \$20 million.....	68,960	68,960	70,810